

ABSTRACT

CREDIT HANDLING IN AN ANONYMOUS TRADING SYSTEM

In an anonymous trading system, credit between
counterparties is effectively increased by netting buy and
5 sell trades to reflect the true risk to which each party
is exposed. Credit limits are adjusted by calculating the
exposure in each currency at the relevant time and then
converted into the credit limit currency equivalent. The
credit limits are adjusted accordingly. The resulting
10 credit limits may be different for bids and offers by or
from a given counterparty.